



## **Analysis of Factors Affecting Increasing the Effectiveness of MSMEs in the Covid-19 Pandemic Period and the New Normal Era (Case Study on MSMEs Champion in Bogor Regency)**

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### **ABSTRACT**

The Covid-19 pandemic has caused many problems, one of which is the economic slowdown. In this case, the sector that has the most impact is the Micro, Small and Medium Enterprises (UMKM) sector, where restrictions on community activities during the Covid-19 pandemic have caused a decline in income, making MSMEs need to limit their production. With reduced production, MSMEs do not involve much labor and participate in online markets to market their products. Of course, this difficult condition also affects the capital of MSMEs themselves. MSME actors also need to develop strategies for business continuity and adapt them to the conditions of the Covid-19 pandemic. The purpose of this study was to analyze the MSME Champion in Bogor Regency, on the factors that influence the MSME strategy towards increasing the effectiveness of MSMEs during the Covid-19 pandemic and in the new normal era. The type of research that will be used is descriptive qualitative. This study uses a quantitative approach with a sample of 72 respondents with the sampling technique used is the non-probability sampling method, namely by purposive sampling. The results of the study indicate that the workforce has no effect on the effectiveness of MSMEs. MSME business actors who access online markets also have no effect on the effectiveness of MSMEs. Meanwhile, capital has an influence on the effectiveness of MSMEs.

**Keywords:** *MSMEs, Labor, Capital, Online Market*

### **INTRODUCTION**

The Covid-19 pandemic that has hit the entire country has caused many problems. The heaviest impact faced by almost all countries is the economic slowdown. Many large and small industries such as MSMEs cannot operate as they did before the Covid-19 pandemic. The existence of restrictions on the movement of people affects the activity of economic transactions. If economic transactions decline, income also decreases, so business actors will experience losses. With the large number of people in Indonesia, the Covid-19 pandemic also certainly has an impact on their economic transaction activities because the existing population as workers also contributes to the economy in Indonesia. Bogor Regency as one of the regions in Indonesia with the largest population in West Java Province also has a large workforce. Especially with the Covid-19 pandemic, it also has an impact on the decline

in the existing workforce due to the implementation of restrictions on community activities. One of the most impacting on limiting community activities is in the Micro, Small and Medium Enterprises (UMKM) sector, which also reduces income, thus making MSMEs need to limit their production. With reduced production also causes MSMEs to not involve a lot of labor, so for efficiency, MSMEs reduce employees in order to reduce production costs such as employee wages.

The MSME sector is also the foundation of hope in revitalizing the Indonesian economy during the Covid-19 pandemic. This is because the MSME sector has been deeply rooted in the Indonesian economy so that it has a large number and is quite dominant. MSMEs need to enter the online market as their business strategy so that they can continue to produce during the Covid-19 pandemic. This is also because Indonesia has the largest and fastest growing online market among Malaysia, the Philippines, Singapore, Thailand and Vietnam, reaching 150 million users and worth USD 27 billion based on a research report by Google and Temasek (Pratama, 2018). The size of the online market growth needs to be responded well by MSMEs because the potential is still large. In this case, MSMEs can participate in utilizing digital technology to be able to market their products. The Ministry of Cooperatives and SMEs noted that as of February 2021, more than 12 million MSMEs had used *e-commerce* (Waluyo, 2021). This number is quite a lot, although not all MSMEs have participated in using *e-commerce*. In this case, the progress of MSMEs using digital technology needs to be appreciated because with this increase more or less workers still have jobs amid restrictions on community activities in the Covid-19 pandemic.

Based on the above, one of the strategies and policies to support MSMEs is carried out by the Provincial Government of West Java, especially Bogor Regency by making efforts to optimize the potential advantages of MSMEs in its area by being named the Champion MSME program. The business categories in the UMKM Champion are shown in the table below.

**Table 1. MSME Business Category Champion (Unit) Bogor Regency Year 2019-2020**

No.	Business Category	2019	2020
1	Agribusiness	9	2
2	Craft	30	7
3	Fashion	13	22
4	Industry	10	6
5	Service	11	3
6	Convection	1	0
7	Culinary	49	3
8	Food	33	71
9	Drink	8	6
Total MSME		164	120

*Source: Data from the Ministry of Cooperatives and SMEs, 2021*

From the data in Table 1.3. above the culinary business category, it is enough to dominate the number of MSMEs in Bogor Regency in 2019 as many as 49 units, but in 2020 the food business category has the highest number of 71 units in Bogor Regency. The average workforce absorbed by UMKM Champion Bogor Regency is 1 to 10 people. In one MSME there are permanent employees and temporary employees. Based on the results of observations, it can be seen that the UMKM

Champion on average has 1-3 permanent employees, the rest are non-permanent employees who are recruited only when there are excess orders from customers. However, since the Covid-19 pandemic, UMKM Champion has rarely received orders in large quantities from customers so that non-permanent employees are rarely involved. Employees as labor in this case become a factor of production because they produce goods/services. Where the workforce is Human Resources (HR) who need to have *skills* and skills.

The influence of the Covid-19 pandemic has also reduced the turnover and profits of MSMEs. Quoted from a survey conducted by Bank Indonesia, that the Covid-19 pandemic has put pressure on revenue, profit, and cash flow so that business owners choose to *wait and see*. BI also stated that 87.5% of MSMEs were affected by the Covid-19 pandemic and of them were negatively affected in terms of sales (Saputra, 2021). If it continues for too long, this condition will affect the availability of capital owned by MSMEs, including the MSME Champion in Bogor Regency. To stay afloat they have to find additional sources of capital. At the time of setting up a business, the owners of MSMEs also do not have large capital like large companies. The source of capital is usually from savings or borrowing from the family. The Covid-19 pandemic has worsened the condition of MSME capital, which previously had limited capital, became increasingly depleted due to declining sales. In overcoming the capital difficulties experienced, MSME owners have strategies for lending capital to banking institutions. Some of them borrow from cooperatives and friends or relatives, some of them sell their valuable items (Khairan Luthfi, Khusnul Ashar, 2015).

MSME actors also need to develop strategies for business continuity from before the Covid-19 pandemic hit, but because of the Covid-19 pandemic, MSMEs forced MSMEs to change their strategies that had been planned before Covid-19 and adapted to the conditions of the Covid-19 pandemic. The implementation of ideas, planning, and execution of an activity will also change according to existing conditions. So that in determining, establishing, and ensuring that MSMEs are able to increase their effectiveness, it cannot be implemented. In this case, effectiveness becomes a measure that states how far the target (quantity, quality and time) has been achieved. Where the greater the presentation of the targets achieved, the higher the effectiveness (Hidayat, 1986). The effectiveness of MSMEs is closely related to the ability of MSMEs to carry out their management, including financial management, production management, human resource management, to marketing management.

In a previous study conducted by Gusti (2018), it was stated that there was a positive and significant influence on the Printing Business on Labor Absorption in Banjar Baru City. Then as for research from Nurlinda, et al which revealed that the use of online applications can improve the performance of MSMEs and can be an alternative medium for transactions to maintain and improve business continuity during the Covid-19 period. This is also found in the research of Omega, et al (2020) which states that *Social Media Marketing* has a positive effect on Business Performance in Micro, Small and Medium Enterprises (MSMEs) in Manado. The research states that business owners experience difficulties in producing goods and services due to shortages of raw materials, financial liquidity and decreased demand (David R. Tairas, 2021). Meanwhile, Khairan, et al, (2015) mentioned the results of their research that all MSME owner informants had experienced capital difficulties in their business. So this study aims to analyze the factors that affect the effectiveness of SMEs during the

COVID-19 pandemic and the *new* normal era (a case study on UMKM Champion, Bogor Regency).

## LITERATURE REVIEW

To survive the Covid-19 pandemic, MSMEs must be able to read the opportunities and challenges. In responding to these challenges and opportunities, MSMEs need a strategy. According to Gombi and Twino murinzi (2020), smart manufacturing, Industry 4.0, and *Smart Factory* are strategies that are considered as the main needs for MSMEs to overcome the existing challenges. Marrus (2002:31) defines strategy as a process of determining the plan of top leaders that focuses on the long-term goals of the organization, accompanied by the preparation of a method or efforts made so that these goals can be achieved. During the Covid-19 pandemic, strategic management plays a very important role. The strategy taken must be able to adapt very quickly, both at the organizational/company level, corporate, business unit, or operational level (Siregar, Rahayu, & Wibowo, 2020).

The concept of strategic management is very necessary because of the implications of strategy from the business scope, mission, goals and objectives. Linstead (2004) states that the rational model of strategic management assumes managers have access to all relevant information needed to make long-term informed decisions about their organizations and have the power, in the form of legitimate authority, to carry out the decisions. Therefore, strategy is defined as a goal planning process (Hotner Tampubolon, 2016). With the strategy, it can make it easier to achieve the goals of MSMEs in developing their business. There are several strategies that will be applied in the MSME business, including strategies in manpower, capital, marketing and human resources. Micro, Small and Medium Enterprises (MSMEs) are economic sectors that have an important role for economic growth in Indonesia. MSME business activities cannot be separated from the existing workforce. This relates to Human Resources or HR. The rapid development of technology and the increasingly complex business competition demands a greater role of Human Resource Management. The demand for workers with high knowledge, skills and abilities is also increasing. These changes in the business environment have led to the recognition of the importance of human resources as a source of competitive advantage for organizations. Therefore, human resources who have high knowledge, skills, and abilities are seen as being able to support improving employee performance and contributing to determining the company's future (Robins and Judge, 2008).

MSME actors and their workforce have also begun to take advantage of the online market to market their products and increase their income. Marketing according to The American Marketing Association (AMA) cited by Kotler and Keller (2016: 27), is an organizational function and a set of processes for creating, communicating, and managing consumer relationships in ways that benefit the organization and its stakeholders. So, the existence of a market can establish a relationship between consumers and producers. *Online* marketing is very appropriate to do in the current Covid-19 pandemic conditions. The government's policy that prohibits crowds that occur in *offline* markets is very appropriate to switch to *online* markets that can reach all consumers without crowds. Utilizing the *online* market is definitely related to technology. *Online* market activities are carried out intensively using electronic media, both through product offerings, payments and delivery. Marketing strategy is a form of a company's plan in the field of marketing to obtain optimal results. The scope of the

marketing strategy is quite broad including the strategy to face competition, product strategy, price strategy, place strategy, and promotion strategy. Marketing strategy as a fundamental tool that is planned to achieve company goals by developing sustainable *competitiveness* through the markets entered (Tull and Kahle).

In developing a business, MSMEs must increase their production capacity which of course requires a large amount of capital. The lack of capital and the low ability and knowledge of Human Resources (HR) in managing the business, have made MSMEs unable to keep pace with changing consumer tastes and not yet globally competitive. Capital in the production process is very important, with sufficient capital MSMEs can develop their business. The amount of capital needed for production is largely determined by the size of the company, and the size of its own capital. Capital can be interpreted as an overview of the balance sheet of a company that uses concrete capital and abstract capital. Concrete capital is intended as active capital while abstract is intended as passive capital (Bambang Rianto, 1993).

## RESEARCH METHOD

The location of the research was carried out in Bogor Regency, but only a few locations were used as research locations, namely the Districts of Bojonggede, Sukaraja, Babakan Madang, Ciomas, Citeruep and Cibinong. The time of the study was carried out from July to September 2021. The respondents in this study were several MSME Champion in the previously mentioned sub-districts. The type of research used is descriptive qualitative, which is to find the potential and problems that exist in the object under study, understand the meaning and uniqueness of the object under study, understand the processes, and social interactions that exist in the object under study, understand the feelings of others, ensure the truth of data and information, show the development of a phenomenon, and find potential and problems that occur in the object under study. In addition to the above methods, the researcher also uses qualitative methods supported by quantitative methods to manage the results of the questionnaire, using analysis and regression tests to measure the effect of the dependent variable on the independent variable. Regression tests are used to see the impact of the factors that affect the effectiveness of MSMEs during the COVID-19 pandemic and the *new normal* era .

The population of this research is the number of MSME Champion which is the object of research, namely MSMEs in the Districts of Bojonggede, Sukaraja, Babakan Madang, Ciomas, Citeruep, and Cibinong as many as 90 people or MSME actors. As for determining the sample used by measuring the sample using the slovin method, namely as follows:

$$n = \frac{N}{1 + Ne^2}$$

In this case, N is the total population of 90 people or UKM champions, then e is the allowance for inaccuracy due to a tolerable 0.5% sampling error. and n is the number of samples used in the study, namely as many as 72 people or MSME actors obtained from the results of the above calculations as respondents. In this case, the sampling technique used in this study is random sampling (*probability sampling*), namely by *simple random sampling*. *Simple random sampling* is a *simple random sampling* technique where each member or unit of the population has the same opportunity to be selected as a sample, namely by means of lottery techniques or by using number labels (Soekidjo Notoatmodjo 2010:85).



Data collection techniques used in this study were through observation (observation), interviews, documentation, and questionnaires. This research consists of four variables, namely three independent variables and one dependent variable. The independent variables in this study are labor, *online/e-commerce* markets, and capital, while the dependent variable in this study is the effectiveness of MSMEs.

## RESULTS AND DISCUSSION

This study uses primary data obtained from respondents who were conducted *online*, namely MSME business actors who were given a survey link via the *google form* link, then MSME business actors answered several questionnaire questions through the link. Processing of survey data to MSME business actors, using descriptive analysis methods, testing assumptions of validity, reliability, and normality, and testing hypotheses using the Simple Linear Regression model, to determine the effect of variable X on variable Y.

The validity test was carried out on 3 variables, namely  $X_1$  (Labor),  $X_2$  (Online Market /E-Commerce) and  $X_3$  (Capital). The results of the Validity Test showed that all variables obtained a *p-value* (Sig. 2 tailed) below 0.05. For this reason, the variables  $X_1$  (Labor),  $X_2$  (Online Market /E-Commerce) and  $X_3$  (Capital) can be declared valid.

The reliability test above, shows that the results of Cronbach's Alpha value of 0.531, meaning that the variables in  $X_1$  (Labor),  $X_2$  (Online Market /E-Commerce) and  $X_3$  (Capital) are included in the moderate reliability category. This means that the variables in  $X_1$  (Labor),  $X_2$  (Online Market /E-Commerce) and  $X_3$  (Capital) in this study can be declared Reliable with moderate reliability criteria. Thus, the variables  $X_1$  (Labor),  $X_2$  (Online Market /E-Commerce) and  $X_3$  (Capital) can be used for testing the normality assumption test.

The results of the normality test in this study, using the *One-Sample Kolmogorov-Smirnov Test* and obtained the *p-value* or Sig. (2-tailed) above 0.5 which is equal to 0.052, it can be concluded that the data in the study spread normally. Thus, all variables can be used for simple linear regression testing and in the next stage of analysis. Regression equations variable  $X_1$  (Labor) to variable Y (Effectiveness) are as follows:

$$Y = 3.584 - 0.161 X_1$$

The regression equation for the variable  $X_1$  (Employee) to the variable Y (Effectiveness) above means that if the variable  $X_1$  (Labor) is increased by 1 unit, the variable Y (Effectiveness) will decrease by 0.161 times. The statistical test of the variable  $X_1$  (Labor) on the variable Y (Effectiveness), shows that the results of the T test show a *p-value* (Sig.) of 0.104 or above 0.05, meaning that the variable  $X_1$  (Labor) does not have a significant effect on the Y variable (Effectiveness).

Based on the research hypothesis below:

$H_0$ : There is no influence of labor on effectiveness

$H_1$ : There is an influence of labor on effectiveness

Thus it can be concluded that the results of the T test above are Accept  $H_0$  or Reject  $H_1$  which means that there is no effect of variable  $X_1$  (Labor) on variable Y (Effectiveness). The results of this hypothesis testing illustrate that during the Covid-19 pandemic, the Champion MSME business actors in Bogor Regency did not affect the existing workforce or did not reduce the workforce to achieve its effectiveness. But these MSME business actors only temporarily lay off their workers. Laid-off workers are those who are temporarily disabled from their work and responsibilities, within a certain period of time. And these 'laid-off' workers will be re-employed or reactivated by MSME business actors when the Covid-19 pandemic conditions have improved.

However, business activities can still produce even in small quantities. This small amount of production is due to the fact that during the pandemic period the government imposed social restrictions, which resulted in people being limited to leaving their homes. Thus, MSME business actors experience a decrease in the amount of production of goods/services that are carried out, resulting in a decrease in the amount of business income. In this case, the existing

workforce can still work but their productivity decreases and does not affect the effectiveness of what is done.

Based on the statistical test in the study *Summary model*, the value of the coefficient of determination or *R-Squared* is 0.015, meaning that the diversity of the data can be explained by the regression model of 1.5%. Regression equations variable  $X_2$  (Market Online / E-Commerce) to variable Y (Effectiveness) in Table 8 are as follows:

$$Y = 2.837 + 0.104 X_2$$

The regression equation for the  $X_2$  (Online Market /E-Commerce) variable against the Y (Effectiveness) variable above means that if the  $X_2$  (Online Market /E-Commerce) variable is increased by 1 unit, the Y variable (Effectiveness) will increase by 0.104 times. The statistical test of the  $X_2$  variable (Online Market /E-Commerce) on the Y variable (Effectiveness), shows that the T test results show a *p-value* (Sig.) of 0.306 or above 0.05, meaning that the variable  $X_2$  (Online Market /E-Commerce) does not have a significant effect on the Y variable (Effectiveness). Based on the research hypothesis below:

$H_0$ : There is no influence of *online/e-commerce market* on small effectiveness

$H_1$ : There is an influence of *online/e-commerce market* on effectiveness

Thus it can be concluded that the results of the T test. are Accept  $H_0$  or Reject  $H_1$  which means that there is no effect of variable  $X_2$  (Online Market /E-Commerce) on variable Y (Effectiveness). This is because the MSME Champion is more comfortable using the *offline* / conventional market compared to the *online* market. This is also because the *online* market is more focused on using technology or media, so the *online* market does not have a significant effect on the UMKM Champion. Respondents in this study, namely the UKM Champion actors, on average are still less responsive to technology and find it difficult to use the *online* market compared to conventional markets that have been carried out so far. Most of the Champion MSME business actors already have subscriptions and *resellers* that they can visit directly. This is also because the online market or *Marketplace* is an internet-based online media (*web-based*) where business activities and transactions are carried out between buyers and sellers. Buyers can find as many suppliers as possible with the desired criteria, so that they get according to market prices. Meanwhile, *suppliers* or sellers can find out which companies need their products or services (Opida, 2014). In this case, the *online* market demands the activeness of its users, so that the *online* market has no effect on small businesses because MSME actors have not actively used the *online* market and participated in interacting in it. This result may not apply to MSMEs as a whole, because MSMEs that are millennial are currently more willing and skilled at using technology compared to MSME actors aged 35-55 years, as was the case with this Champion MSME.

Based on the statistical test in the study in Table 9. *Model Summary*, the coefficient of determination or *R-Squared value* is 0.158, meaning that the diversity of the data can be explained by the regression model of 15.8%.

Persamaan Regresi variabel  $X_3$  (Permodalan) terhadap variabel Y (Efektivitas) pada adalah sebagai berikut dibawah ini

$$Y = 4,574 - 0,673 X_3$$

The regression equation for the  $X_3$  (Capital) variable against the Y (Effectiveness) variable above means that if the  $X_3$  (Capital) variable is increased by 1 unit, the Y variable (Effectiveness) will decrease by 0.673 times. Thus, it can be concluded that if MSME business actors have little capital or experience capital difficulties, it will have a greater impact on their effectiveness. The statistical test of the variable  $X_3$  (Capital) on the variable Y (Effectiveness) in Table 10, shows that the results of the T test show a *p-value* (Sig.) of 0.001 or below 0.05, meaning that the variable  $X_3$  (Capital) has a significant effect on variable Y (Effectiveness). Based on the research hypothesis below:

$H_0$ : There is no effect of capital on effectiveness

$H_1$ : There is an effect of capital on effectiveness

Thus, it can be concluded that the results of the T test in table 10 above are Reject H0 or Accept H1 which means that there is an effect of variable X<sub>3</sub>(Capital) on variable Y (Effectiveness). In this case, capital affects the effectiveness and sustainability of the business carried out. The condition of the Covid-19 pandemic which also causes MSME actors to have difficulties with capital and of course greatly disrupts their production activities, so that it will have implications for decreasing effectiveness and decreasing MSME income. This happens because the amount of capital owned is small and cannot meet the needs in production activities. If the capital, especially the working capital of MSMEs is large, it is certain that MSME business actors can buy raw materials and other equipment for production so that production effectiveness increases because there are also many goods or services produced and can make sales which will ultimately increase MSME income. Based on the results of observations made by researchers, the amount of capital that has been proposed by the majority of MSME actors is above Rp. 20,000,000,-. For credit capital above Rp. 20,000,000, - many MSMEs propose to banks with government programs, namely People's Business Credit (KUR) which has an interest rate of 6% and from that percentage, 3% is subsidized by the government so that MSMEs only pay interest of 3% per year. Of course this is very helpful for MSMEs in their business activities, because if the capital owned by MSMEs is decreasing, it will have a big impact on effectiveness.

Most of the respondents stated that their business activities were their main job at 81%. This is also supported by observations made by researchers, where the respondents of MSME actors, most of whom make their business their main job, are due to the following things: (1) MSME's capital is not as large as the company's capital, so they can rely on their own capital and do not have to rely on their own capital. with other parties (the principle of independence owned by MSME actors); (2) SMEs absorb not too many workers only with the requirements such as education and special skills (MSMEs are known as labor intensive); (3) Anyone can establish MSMEs, as long as there is capital and ability; (4) MSME businesses are mostly hereditary businesses; and (5) The available job opportunities are not proportional to the number of workers, so to meet the needs, many people work in the informal sector such as SMEs.

**Respondent's Type of Business**

**Table 2. Types of Business**

Type of Bussiness	Amount	Percentage
Food and Drink	36	50%
Fashion	14	20%
Culinary	5	7%
Trade	3	4%
Facilitating Cooperarive and MSME Empowerment Activities	3	4%
Health dan Beauty	2	3%
Saung Bambu Production	1	1%
Home Baby Shoes Industry	2	3%
Chemicals SMEs (MiKLeS)	1	1%
Service	3	4%
Department Store and Mixed Herbal Medicine	2	3%

*Source: Research Questionnaire Results*

The type of business of the respondents in Table 11. above shows that the type of business is in the order of the three (3) largest, namely respondents who have a food and beverage business as many as 36 or 50%; fashion as much as 14 or by 20%; and culinary as much as 5 or 7%. The observations made by the researchers revealed that the respondents of MSME actors



who mostly chose the food and beverage business were due to the following things: (1) Small capital, the profits obtained were quite large, almost 50% of the capital of the goods purchased; (2) Food is a definite human need so that many are interested and buy the product; (3) The velocity of the money is fast; (4) Food and beverages can be included in the type of culinary that is a symbol of the area/tourist spot; and (5) Does not require a large number of workers at the start of the business establishment.

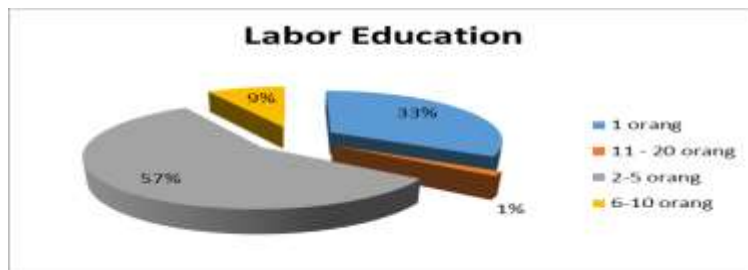
**Labor Education**



**Figure 1.** Respondents' Manpower Education

The workforce education graph in Figure 1. above shows that the education level of the workforce in MSMEs is 16% with elementary school graduation, 33% junior high school, 46% high school and 5% bachelor degree. Most of the respondents who have a high school education are 46% of the workforce. This is because many of them are experiencing economic constraints to continue their education, so they prefer to open a business independently. This also causes MSME business actors to still manage their business in a simple way, both from the production process to marketing which is done by themselves. In this case, MSME business actors need to get an increase in business competence, namely by participating in training to encourage their MSME business productivity.

**Total Labor**



**Figure 2.** Number of Respondents's Labor

The graph of the number of workers in Figure 2. shows that MSMEs with a workforce of 1 person are 33%, 2-5 people are 57%, 6-10 people are 9% and 11-20 people are 1%. The largest number of workers is in the range of 2-5 people, which is 57%. This is because the majority of MSME business actors are classified as micro-enterprises that still produce at home and the workforce needed is also not too much, only 1 to 5 people.

**Operating revenues**



**Figure 3.** Respondents' Business Income

For respondents' business income, from Figure 3. it can be seen that the operating income in the income group is Rp. 3,000,000, - up to Rp. 6,000,000, - as much as 60%, income group

Rp. 6,000,000, - up to Rp. 9,000,000, - as much as 17%, income group Rp. 9,000,000, - up to Rp. 12,000,000, - as much as 9%, income group Rp. 12,000,000, - up to Rp. 15,000,000, - as much as 7% and the income group above Rp. 15,000,000, - as much as 7%. Most respondents are respondents who have operating income in the income group of Rp. 3,000,000, - up to Rp. 6,000,000, -, which is 60%. In this case, the MSME business income is quite high because it is more than IDR 3,000,000. Under normal circumstances, the business income of MSMEs is uncertain, but during the Covid-19 pandemic which caused a lot of production declines, especially resulting in a decrease in income, and required them to survive and meet their needs. One way they do to survive is to stop production temporarily in order to avoid losses.

**Labor Wages**

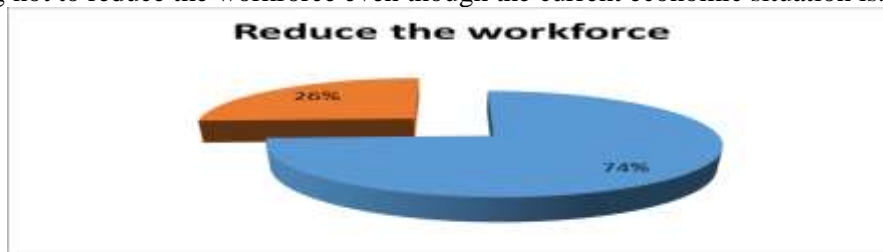


**Figure 4.** Total Wages of Respondents

For the wages of workers, it can be seen in Figure 4. above that the total wage is Rp. 500,000,- up to Rp. 1,000,000, - as much as 52%, total wages Rp. 1.000.000,- up to Rp. 2,000,000, - as much as 32%, total wages Rp. 2.000.000,- up to Rp. 3,000,000, - as much as 10%, total wages Rp. 3,000,000, - up to Rp. 4,000,000, - as much as 3% and the amount of wages above Rp. 5,000,000, - as much as 3%. Most respondents who provide wages in the range of Rp. 500,000,- up to Rp. 1.000.000,- with a percentage of 52%. This is because the majority of MSME business actors provide wages depending on the size of their business production. Due to the Covid-19 pandemic conditions that made it difficult for their business activities, there was a decrease in production so that the wages given were small.

**Labor**

The pandemic has had an impact on the economy in Indonesia, as well as MSMEs. Manpower is an important asset for MSME business actors. Based on the results of data processing on the aspect of Manpower, it can be seen in Figure 6. which shows that 74% of MSME business actors agree to reduce their workforce or workforce, while 26% of MSME business actors do not agree to reduce their workforce because impact of current economic conditions. Most MSME business actors do not reduce their workforce or workforce because most of these workers or workers are still part of the family of MSME business owners. Conditions like this give more value to MSME business actors because they are still trying not to reduce the workforce even though the current economic situation is.



**Figure 5.** Reducing Labor

Manpower is an asset in the UMKM business that requires training and education so that the workforce or the workforce of UMKM business actors is growing.

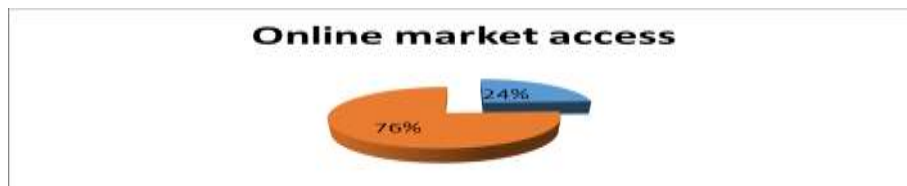


**Figure 6. Training and Education of Manpower or Manpower**

The results of data processing in Figure 6. show that training and education of Manpower are very much needed by MSMEs by 49%, then those who provide answers are necessary at 39%, neutral at 10% and not necessary at 3%. Thus, the majority of respondents responded that the training and education of the workforce was very much needed with a percentage of 49%. In this case, training and education for workers is very necessary because training for workers will be able to avoid very large risks for business owners. Work accidents can also be avoided if business actors have provided training for their workers. This training must also be carried out continuously in order to create qualified and professional human resources. The benefits of training and human resource development for business actors include: (1) Business actors will be able to prepare for future challenges; (2) Business actors will be able to adapt quickly to advances in technology and new tools; (3) Business actors are able to compete with their competitors; and (4) Business actors will be able to provide quality products or services that will enhance the positive image of their business.

**Online Market /E-Commerce**

Online marketing is very appropriate to do during pandemic conditions like today. This is also part of the government's policy regarding crowd restrictions, so that online market access is the right choice in the current conditions. Based on the data in Figure 5.8. shows that online market access has been carried out by MSME business actors with a percentage of 76%, while 24% have not yet accessed online markets. Thus, the majority of MSME business actors have accessed the market online.



**Figure 7. Online Market Access**

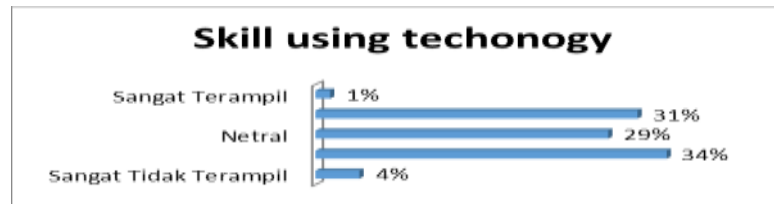
Online marketing has the advantage that it can reach all consumers everywhere, there are no time and area limits in marketing products online. However, based on Figure 9. below, it shows that MSME business actors have difficulty using the online market with a percentage of 79% and there are 21% MSME business actors who have no difficulty using the online market.



**Figure 8. Difficulties in Using the Online Market**

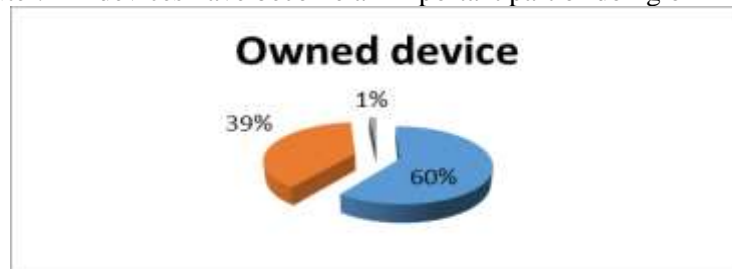
Most MSME business actors still have difficulty using the online market. This is due to problems with capital, human resources (HR), and penetrating the market. The ease of promotion that can be done on online-based media such as social media (medsos) cannot be utilized by MSME actors. This is due to the lack of assistance from the government in

understanding digitalization, and the potential of social media as a means of promotion. This certainly has an impact on the technological skills of each MSME.



**Figure 9.** Skills in Using Technology

Based on the results of data processing, it can be seen in Figure 10. that MSME business actors who have the skills to use technology with very skilled criteria are only 1%, while those who have skilled criteria are 31%. For MSME business actors who have neutral criteria by 29%, unskilled by 34% and very unskilled by 4%. Thus, this shows that the majority of MSME business actors do not have the skills to use technology, because the percentage of unskilled criteria is still the largest, namely 34%. This happens because of ignorance about the development of existing technology and the lack of understanding of MSME actors who are aware of the importance of technology as a support for their business activities. Doing marketing *online* also requires devices that are used to access the market either by using a cellphone or computer. HP devices have become an important part of doing online marketing.

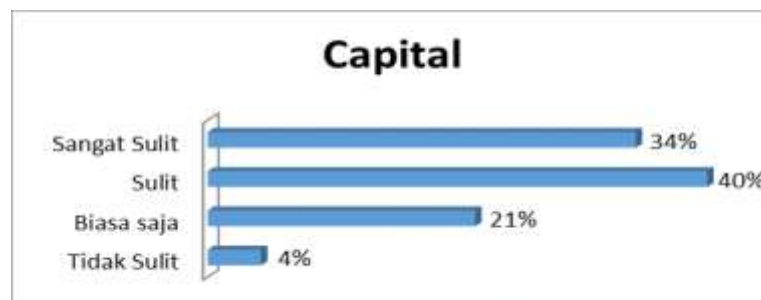


**Figure 10.** Devices owner

The results of the research data processing in Figure 10. above show that the majority of MSME business actors have HP as a device for online market access with a percentage of 60%, while MSME business actors who have HP and Computer equipment are 39% and there are 1% of business actors who do not have a device either HP or computer. The majority of research results reveal that MSMEs already have cellphones, but do not yet have cellphones and computers. This is because the capital difficulties of MSMEs cause them not to have enough funds to buy more sophisticated equipment such as computers.

**Capital**

The pandemic condition has had an impact on MSME business actors, both in terms of demand, production and capital. Based on the results of data processing in Figure 5.12. below, shows that there are MSME business actors who have very difficult capital difficulties with a percentage of 34%, followed by MSME business actors who have difficult capital difficulties of 40%, average 21% and do not experience capital difficulties of 4%. Thus, it shows that the majority of MSME business actors are still experiencing capital difficulties.



**Figure 11. Difficulty in Capital**

This capital difficulty is also due to the limited access of MSME actors to banking. The things that cause business actors to have difficulty accessing banking include (1) Business actors do not know the procedures for borrowing funds from banks; (2) The mechanism for borrowing funds at the bank which is considered difficult for MSME business actors; (3) MSME business actors do not have collateral so that they cannot meet the requirements for borrowing funds at banks; (4) Not interested in MSME business actors to obtain funds from banks; and (5) The loan proposal is rejected by the bank. So that these things cause MSME business actors to mostly never apply for business capital loans to financial institutions as shown in the picture below.



**Figure 12.** Applying for Business Capital Loans to Financial Institutions

Based on the results of data processing in Figure 13. above, it shows that 56% have never applied for business capital loans to financial institutions. Meanwhile, 44% of MSME business actors have applied for business capital loans to financial institutions. 44% of MSME business actors who have applied for business capital loans to financial institutions responded that the amount of money that had been submitted according to the results of data processing in Figure 5.14 was above Rp. 20,000,000, - with a percentage of 63%. Furthermore, the amount that has been submitted is between Rp. 1.000.000,- up to Rp. 5,000,000, - by 20%, the amount that has been submitted is between Rp. 10,000,000,- up to Rp. 15,000,000,- by 7%, the amount that has been submitted is between Rp. 15,000,000,- up to Rp. 20,000,000, - by 7%, and the amount that has been submitted is between Rp. 5.000.000,- up to Rp. 10,000,000, - by 3%.

Thus, MSME business actors who have applied for business capital loans to financial institutions with an amount above Rp. 20,000,000, - is still dominant compared to the amount below Rp. 20,000,000,-. These MSME business actors are micro, small, and medium businesses that have a bank credit limit of up to Rp 50 million or commonly known to the public as the People's Business Credit Program (KUR). The majority of MSME actors apply for loans of more than Rp. 20 million, this is used to help raise capital for their businesses. This nominal was also chosen because in the People's Business Credit, the main collateral is the business being financed, while the additional collateral depends on the provisions of the implementing bank. For example, MSME actors access people's business loans at Bank X, requiring the additional collateral to be 40% of the credit value (the value depends on the bank's policy, but the majority of the value can be below 100%). This is because it is supported by a guarantee from the Guarantee Agency. Therefore, this People's Business Credit is important to be considered in the access to MSME business capital.



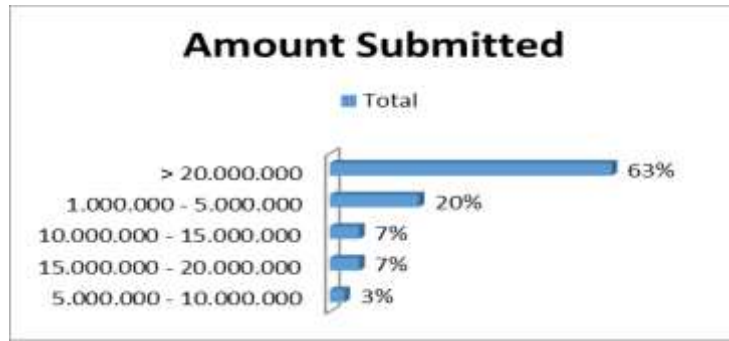


Figure 13. Amount Proposed

MSME business actors who have received government assistance (BPUM) are still more dominant than those who have never received government assistance. Based on the results of data processing in Figure 15. below, it shows that 73% of MSME business actors have received government assistance while 27% of MSME business actors have never received government assistance.

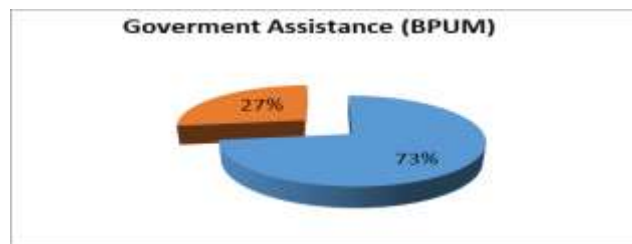


Figure 14. BPUM Government Assistance

More MSME business actors received assistance because the government assistance program (BPUM) during the Covid 19 period provided many opportunities for the community, especially MSME business actors. The assistance provided to MSME business actors is quite large so that many MSME business actors receive assistance compared to those who do not receive assistance. This is in line with the PEN (National Economic Recovery) program promoted by the government. MSME actors who receive BPUM assistance are those who are still classified as *unbankable* or do not receive loan assistance from banks. This is because the most important recipient criteria are those who do not currently have a loan at a bank because there are many schemes for lending to banks. Then the other requirements are those who are not ASN, TNI/Polri, BUMN/BUMD employees. With this BPUM, the government hopes that MSME business actors can rise and *survive* so that they can continue their business.

## CONCLUSION

Based on the results of the previous discussion, conclusions were obtained from research on MSME business actors in Bogor Regency. The conclusions obtained are that the workers who work in UMKM Champion Bogor Regency are the closest people, such as husband/wife, children, in-laws, and grandchildren. So during this pandemic they did not reduce employees, they were just temporarily laid off and had not been activated because production was also not as large as before the Covid-19 pandemic. If conditions are normal, they will be re-involved to work. Then the UMKM business actors, the Champions of Bogor Regency, have used the *online/e-commerce market*. But the intensity is smaller than using the *offline/conventional market*. Based on the data obtained, only 1% are highly skilled at using technology. So that online market access has no effect on effectiveness. As for the results of data processing that capital is very influential on the effectiveness of UMKM Champion Bogor district. The Covid-19 pandemic has caused people's purchasing power to decline, as a result of which people's incomes have also decreased. As income decreases, people also reduce spending on goods/services. So that the sales of products/services produced by UMKM Champion in Bogor Regency also decreased, this *disrupted* the financial *cashflow* of UMKM. In order to

remain stable, MSMEs must receive an injection of funds for capital. The source can be obtained from financial institutions or government assistance through incentive funds or grant funds.

Thus it can be concluded that from the variables of labor, *online/e-commerce market*, and capital, only the capital variable has an influence on effectiveness. For this reason, capital assistance or easy access to capital from the government and other financial institutions is very helpful for MSME business actors in increasing the effectiveness of MSMEs during the current pandemic. The government must be present in the midst of MSMEs to provide convenience in accessing capital in banking financial institutions and non-banking financial institutions.

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